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FM AMEMBASSY JAKARTA

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INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY

RUEHBJ/AMEMBASSY BEIJING 5206

RUEHBY/AMEMBASSY CANBERRA 2772

RUEHLM/AMEMBASSY COLOMBO 1132

RUEHKA/AMEMBASSY DHAKA 1091

RUEHNE/AMEMBASSY NEW DELHI 2011

RUEHUL/AMEMBASSY SEOUL 4736

RUEHKO/AMEMBASSY TOKYO 2227

RUEHWL/AMEMBASSY WELLINGTON 2848

RUEHBAD/AMCONSUL PERTH 0955

RUEHHK/AMCONSUL HONG KONG 2806

RHHJJPI/USPACOM HONOLULU HI

RUEAIIA/CIA WASHDC

RHEHNSC/NSC WASHDC

RHEFDIA/DIA WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 03 JAKARTA 001377

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SUBJECT: PRESIDENT YUDHOYONO'S RE-ELECTION CHANCES DIP

REF: A. JAKARTA 1143

1B. JAKARTA 1070

1C. JAKARTA 684

1D. (07) JAKARTA 3027

Classified By: Pol/C Joseph L. Novak, reasons 1.4(b+d).

11. (C) SUMMARY: President Susilo Bambang Yudhoyono (SBY) possesses many of the attributes which Indonesians respect in a leader--intelligence, integrity, and honesty. However, he faces widespread criticism for being indecisive. Lacking a united Cabinet and strong political base, SBY's cautious nature is giving his enemies room to attack. Rising food and fuel prices coupled with other domestic factors are causing SBY's popularity to plummet and his closest advisors to fear for his prospects in the 2009 national elections.

12. (C) SUMMARY (Con'd): For the U.S., the current atmosphere means that SBY will be increasingly preoccupied with domestic politics and reluctant to take risks that might give his detractors ammunition. Mission still believes he is the best candidate out there to carry out internal reform, maintain an international orientation and promote moderate Islam. Given his precarious position during a difficult election season, the USG will likely gain more traction through quiet prodding on key policy issues than with public advice. See Ambassador's comment in para 14. END SUMMARY.

SBY IN THE SPOTLIGHT

13. (C) Recent Mission discussions with advisors to President Yudhoyono and other observers portray SBY as a leader of high integrity who truly believes in democratic reforms and human rights. Neutral observers we spoke with agreed that SBY remains the best viable leader in terms of internal reform, international vision and moderate Islam. Some key SBY advisers told DepPol/C that given the difficult hand he was dealt -- a weak party, an unreliable coalition cabinet, a fractious Parliament (DPR), and rising prices -- SBY has done the best he can to address these issues. By pursuing corruption and good governance, he has made enemies of powerful entrenched interests.

14. (C) Those close to him also note SBY's very "Javanese"

nature of caution, compromise and deliberation. Observers--while stressing his strengths--lament that his indecisiveness appears to be holding him back more and more in recent months as the political environment grows more tense in the run-up to the 2009 national elections. They say he has squandered the overwhelming electoral mandate he was given in 2004.

ALWAYS THE CAUTIOUS REFORMER

¶5. (C) T.B. Silalahi, a retired major general and one of SBY's close advisers, told us that SBY graduated first in his military class of 1973 assisted by his Javanese ability to get along. Third in his academic class, he also was admired for his athleticism. A "golden boy," SBY was promoted quickly and protected from controversy throughout his career.

For example, as a battalion commander in East Timor in 1976, he was kept at headquarters in Dili away from the action, Silalahi explained. Second in command for the Jakarta Military Command when the military raided Megawati's PDI party headquarters in 1996, "the Thinking General" nevertheless had no known links with that infamous operation.

In 1998, as Chief of Staff for Social Political Affairs, the military's top policymaker, he supported the student movement and worked with moderates to ease Suharto out of power. SBY retired from the military as a lieutenant general in 1999, lacking the influence within the TNI of the generals who surpassed him in rank in the 1990s, particularly Armed Forces Commander Wiranto and Strategic Reserve (KOSTRAD) Commander Prabowo. Wiranto and Prabowo are envious and

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contemptuous that SBY rose to become President, according to some contacts. Wiranto told our sources that he believes that if SBY could come from nowhere to take the reigns of power, why can't he?

¶6. (C) Observers agreed that SBY is the only reform-minded candidate who can control and reform the military. In fact, they said his motive for appointing his brother-in-law Wibowo as the new Special Forces (KOPASSUS) Commander was to strengthen his control over that body and speed up reform (see Septel).

COMPROMISES WHICH PLEASE NO ONE

¶7. (C) While compromise and caution helped get SBY where he is today, these same traits are holding back Indonesia, his advisers lamented. He is non-confrontational, seeking to accommodate all parties in traditional Javanese style, i.e. "leading from behind." In meetings, SBY speaks with intellectual authority and has a firm grasp of the issues, yet issues no instructions and is slow to make firm decisions. His cabinet meetings last for hours while he gives long lectures and listens to everyone in the room. For example, on the decision to support the decree limiting the freedom of Ahmadiyah to preach, nine of his ten advisers reportedly counseled against it and only one adviser from the Council of Ulamas advised in favor of the decree. Admitting that his decision to support the decree was bad for democracy, SBY repeatedly told advisers he supported it to keep the support of conservative Muslims. One SBY adviser, human rights lawyer Adnan Buyung Nasution, told the DCM that SBY made this decision to save face for the three ministers who had publicly promised some sort of decree. This decision irked liberals and conservatives alike.

IS THE CRITICISM JUSTIFIED?

¶8. (C) Nevertheless, his advisers and many critics admit that SBY faces daunting challenges in governing given his weak political base and fractious coalition cabinet. Some parties in his coalition force SBY to appoint ministers who oppose SBY at every turn. The only ministers who consistently support SBY policy are the few with no party affiliation. Likewise, the coalition parties in the DPR

consistently criticize and vote against SBY policy, as they did on the recent fuel price hike. In fact, this necessary but difficult SBY decision was made under intense political pressure and met with harsh public criticism. So, the question remains whether the criticisms are valid or whether the President is merely doing the best he can under difficult circumstances with weak institutional support. Most objective observers believe it is a combination of the two.

JUSTIFIABLY PARANOID?

¶9. (C) On the other hand, SBY might be right that people are out to get him. Many sources concur that his political enemies--which include major political parties, retired generals, ultra-nationalists, Islamic extremists and anyone with high political ambitions--are playing politics to keep SBY off balance and eat away at his popularity, which according to recent polls has plummeted to 14%.7. Some of these political interests and their extremists surrogates reportedly have formed tactical alliances in order to foment violent demonstrations on the fuel price hikes and religious freedom, sources told DepPol/C. All these demonstrations have kept SBY from focusing on bigger issues and have hurt his popularity. To cite just one example, according to a half dozen contacts, June 24 anti-fuel hike demonstrations which turned violent were supported by General Wiranto, the head of the National Mandate Party Amien Rais, and former Coordinating Economics Minister and presidential aspirant, Ramli Rizal. They were carried out by student, youth and vigilante groups too many to list; other major political

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players have been linked to other recent demonstrations (See Septel).

¶10. (C) SBY reportedly takes seriously the possibility of impeachment, and some in the DPR have threatened impeachment on key policy issues, from Iran to fuel hikes. The DPR decision to investigate SBY on the fuel hike issue is a possible but highly unlikely first step towards impeachment. While impeachment is very difficult and cannot be based on policy differences--only on Constitutional or criminal issues--SBY remembers that President Wahid was impeached in 2001 on corruption charges which were later dismissed, and is concerned, advisers tell us.

¶11. (C) However, most objective observers believe that real economic issues are the biggest threat to SBY's re-election prospects. Recent polls show that nearly 80 percent of the people are unhappy with his handling of the economy, as prices for food and fuel go up and unemployment and poverty spreads (See Septel). His advisers told us that SBY needs to begin making strong decisions to crack down on political hooliganism, alleviate poverty, and consolidate his political base.

TRICKY PERIOD FOR BILATERAL RELATIONS

¶12. (C) For the U.S., it will be difficult to move forward on issues of concern. SBY will be increasingly preoccupied with domestic politics in the lead-up to the 2009 elections. One presidential adviser told Pol/C that Yudhoyono will have less time for "international issues because internal politics are keeping him busy." Last year he was widely condemned as bowing to U.S. pressure when he agreed to support UNSCR 1747 on Iran, and now his closest advisor has been accused of being a spy for the U.S. over the NAMRU issue.

¶13. (C) All of these factors affect other countries, too--a Singaporean diplomat told us that the GoS does not believe the Defense Cooperation Agreement that it signed with the GOI will be reviewed seriously by the Indonesian Parliament in the near- to mid-term. In light of the sensitive political season, the USG will need to carefully consider speaking out publicly on areas of disagreement. In most cases, quiet support and guidance, will likely improve our chances at

progress.

¶14. (C) Ambassador Comment: The odds still favor the re-election of SBY, but most likely with reduced support in Parliament. His greatest advantage is that he is seen as less flawed than his rivals, such as former President Megawati or retired General Wiranto. His greatest risk would come from any significant price rises in food or fuel, putting greater strain on the near poor majority of voters.

End Comment.

HUME